

99230-4

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NPIC/PADS/D/6-745  
27 January 1966

MEMORANDUM FOR: Chief, Procurement Division, OL

ATTENTION: [REDACTED]

THROUGH: Chief, Support Staff, NPIC

SUBJECT: [REDACTED] request for amendments to  
Contract [REDACTED]

- REFERENCE:
1. Letter from [REDACTED] dated 15 December 1965,  
subject: Contract [REDACTED]
  2. Proposal No. P-3801 from [REDACTED] dated  
24 April 1964, titled "Three Advanced Photo  
Interpretation Light Tables".
  3. Memorandum from [REDACTED] PCB/PD/OL  
dated 10 January 1966

1. [REDACTED] request for amendments to contract [REDACTED]  
(reference 1) has been thoroughly analyzed. Collateral materials such  
as Design Objectives, the contractor's progress reports, and the  
technical monitor's trip reports have all been reviewed with respect  
to the claims made by the contractor concerning the difficulties  
encountered in developing this equipment. This memorandum presents  
the results of that study and our recommendations based upon it.

2. The contractor maintains that his difficulties were  
caused by underestimating the development costs. The program was  
bid, and the contract negotiated, on a fixed price basis even after  
extensive discussions with the technical monitor who expressed some  
doubts as to their ability to develop the equipment for [REDACTED]

3. [REDACTED] claims that unexpected expenditures were  
incurred developing an adequate microscope transport and mansuration  
system; however, their system's performance will be no greater than  
that explicitly required in the Development Objectives or stated in  
their proposal (reference 2). In fact, the accuracy requirements  
have been somewhat relaxed at the contractor's request.

4. In order to give the contractor some relief, reasonable  
compromises were made to the specifications concerning the tracking

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light source. Even after this the contractor claims he sustained extreme costs. Again, this was a result of his over-simplification of the problem.

5. The specifications regarding the degree of tilt of the tables were clearly understood by the contractor as evidenced by his proposals; nevertheless, he again claims a loss which has no technical basis.

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6. Technically or contractually [REDACTED] does not have a valid case; however, despite his losses, the contractor is valiantly trying to produce usable equipment and to meet difficult specifications which in many cases required technical break-throughs which cost money (currently, company funds). In comparison, a parallel effort to develop equipment to the same specifications is underway at [REDACTED] at a cost to the government of [REDACTED] from this alone, it should be evident that [REDACTED] did not comprehend the complexity of this program and considerably underbid the contract.

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7. While the contractor does not have a sound contractual case, it might be the government's advantage to provide some partial relief, if an audit does substantiate his losses. However, it is strongly recommended that any relief be predicated on the satisfactory completion and delivery of the equipment. This recommendation assumes that the additional funds could be handled as overrun costs, since no change in scope has occurred.

8. With regards to your request for clarification of the contract type (reference 3), this contract is for the design, development, and fabrication of equipment, and the contract should be a FP Research and Development type rather than a Supply type.

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[REDACTED]  
Assistant for Plans and Development, NPIC

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